



*Subprime Lending Challenges:
Where do we go from here?*

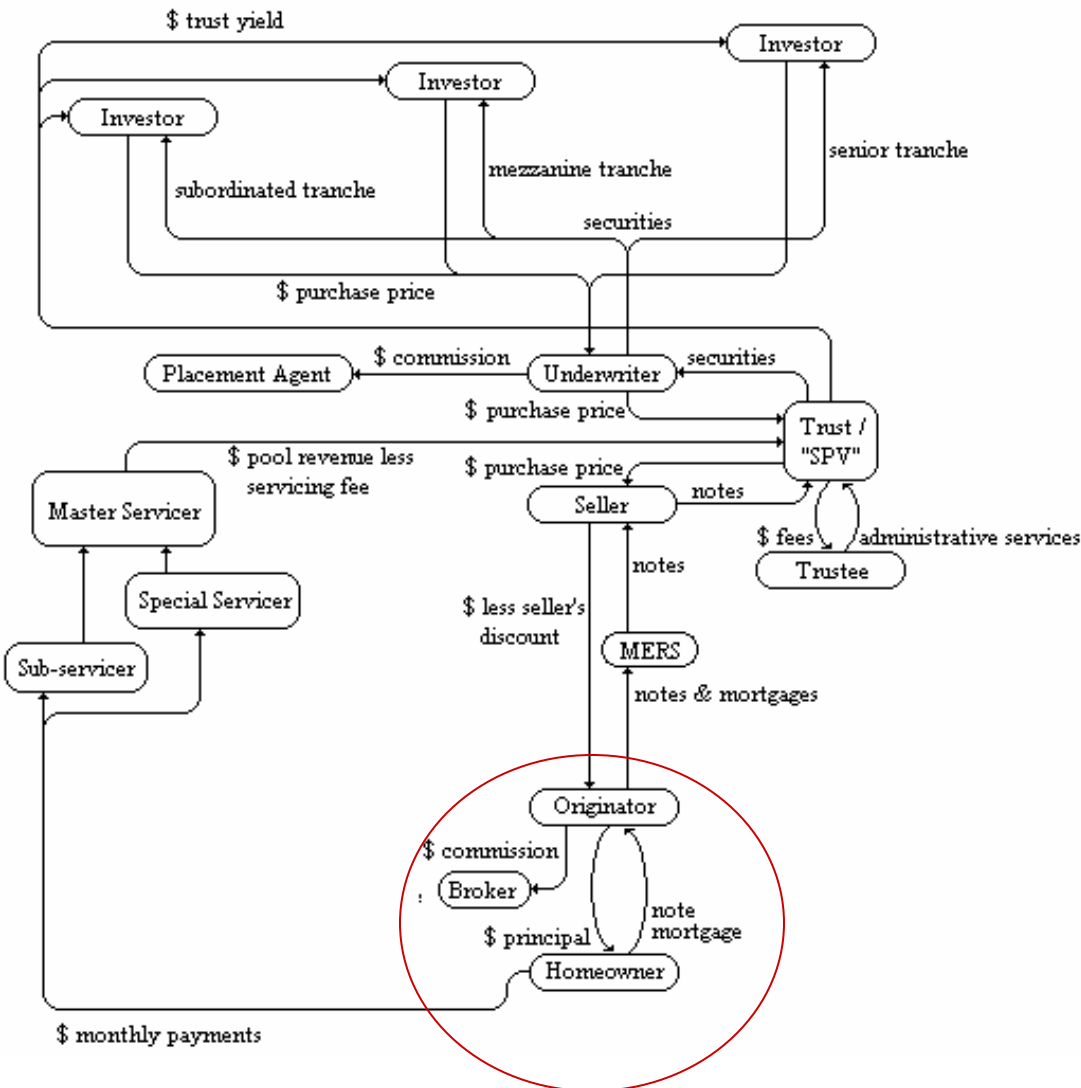
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Chris Peterson, Associate Professor of Law

Comprehensive Reform

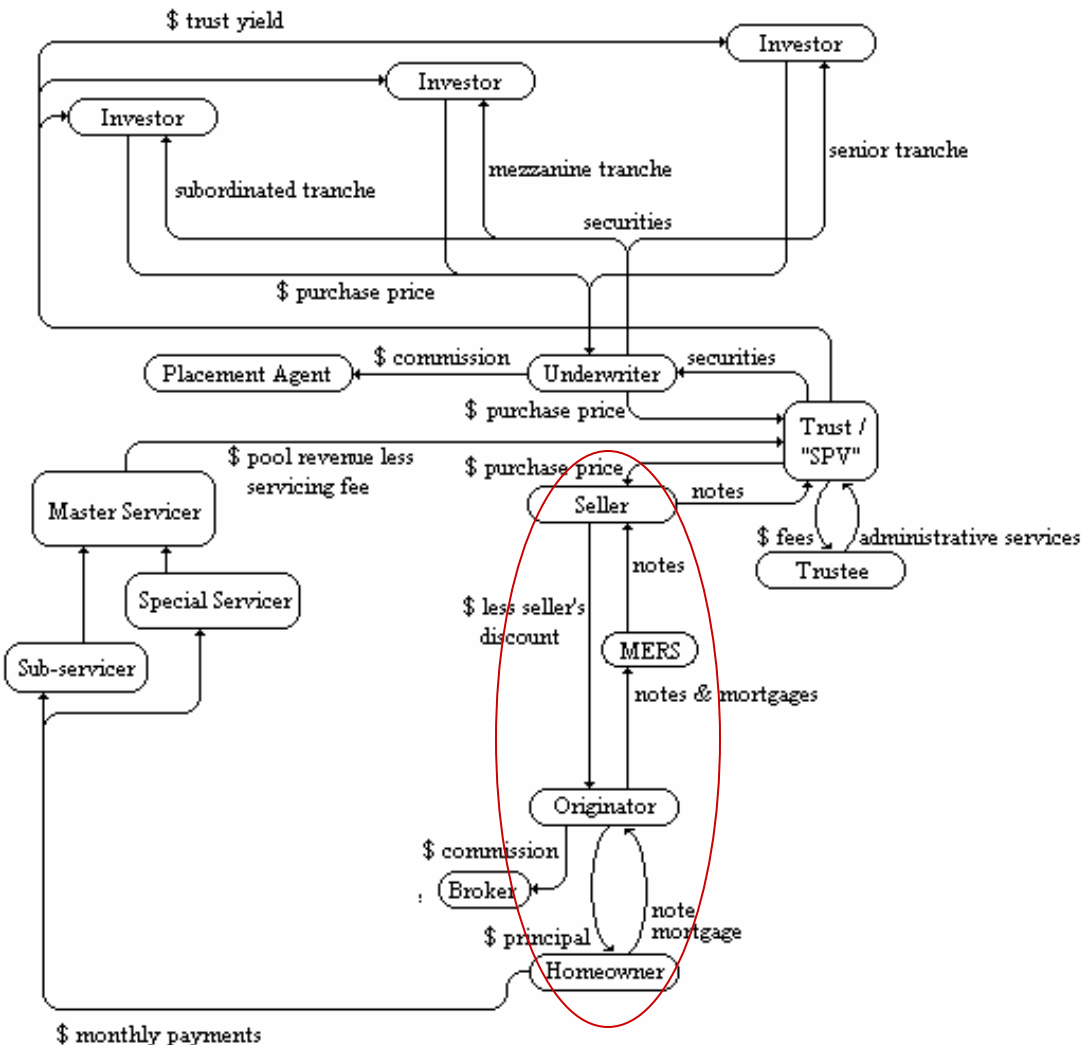
1. Origination
2. Underwriting
3. Servicing and foreclosure
4. Bankruptcy
5. Accountability

Origination Reform



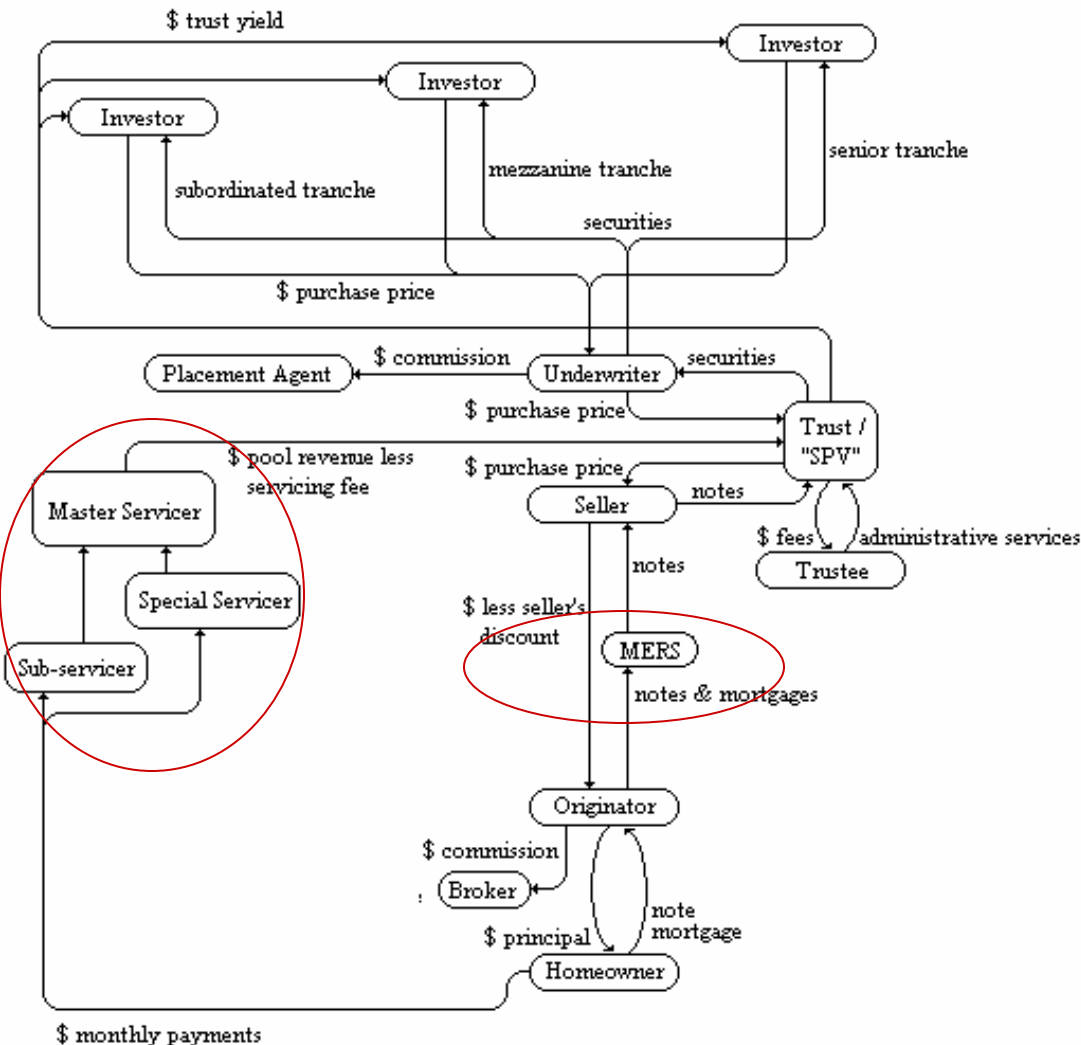
1. Amend Truth in Lending Act to apply to brokers.
2. Amend the Home Ownership and Equity Protection Act to apply to most of the subprime market.
3. Ban yield spread premium broker compensation
4. Impose a fiduciary duty on brokers and originators in favor of the homeowner.
5. Require that all mortgages be "suitable" to the borrower's needs.
6. Expand pre-transaction counseling programs.

Underwriting Reform



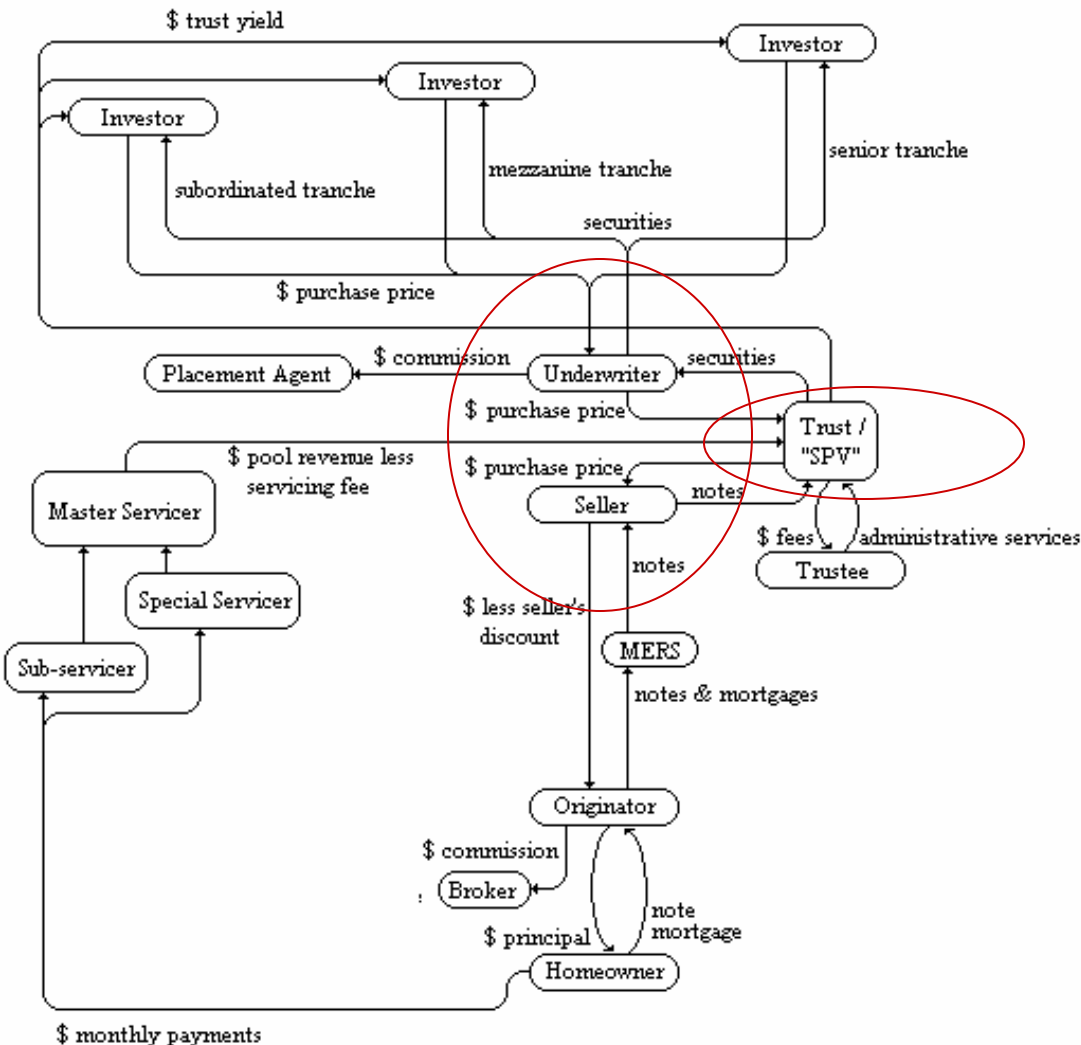
1. Require underwriting at a fully adjusted "post-teaser" interest rate.
2. Impose a fiduciary duty on home appraisers in favor of investors.

Servicing, Foreclosure, & Bankruptcy Reform



1. Prevent MERS from bringing foreclosure actions.
2. Amend the Fair Debt Collection Practices Act to apply to all mortgage servicers
3. Create a tax exemption for cancellation of debt income for all non-conforming mortgages.
4. Amend the bankruptcy code to allow mortgage loan modification.

Accountability Reform



1. Apply the FTC's holder notice rule to all home mortgages.
2. Develop imputed liability theories such as aiding and abetting to hold sellers and underwriters liable for originator and broker misbehavior.